

Cory Riverside Energy Green Financing Framework



GREEN FINANCING FRAMEWORK

Introduction

Cory Riverside Energy¹ (“Cory”) is one of the UK’s leading resource management, recycling and energy recovery companies. It operates the largest Energy from Waste facility (EfW) in the UK, located on the banks of the River Thames in London. Cory also operates recycling facilities including a Materials Recycling Facility in Wandsworth that is capable of processing up to 84,000 tonnes of co-mingled recycling each year.

With over 22 million tonnes of waste produced by Londoners every year, the company believes that using this waste to help provide London with a safe, secure, affordable and sustainable energy supply makes great environmental sense. Cory’s Riverside Resource Recovery Energy from Waste facility at Belvedere uses the waste that would otherwise have gone to landfill, to generate electricity. As one of the largest operations of its kind in the UK, the facility generates c.525,000 MWh of electricity each year from processing c.750,000 tonnes of waste. Up to 200,000 tonnes of incinerator bottom ash (IBA) and 20,000 tonnes of Air Pollution Control Residue produced from the waste treatment operation are also processed and used as construction aggregate. This process helps to bring down the carbon footprint of construction industry by providing a valuable local alternative to the use of virgin mined aggregate.

In addition, Cory uses the River Thames as a green highway to move the waste from the centre of London to the EfW facility on its fleet of tugs and barges, removing around 100,000 truck journeys a year off the capital’s congested roads, which has obvious environmental as well as safety benefits.

By generating electricity from domestic and commercial residual waste, after recycling, Cory is improving resource efficiency, reducing London’s reliance on landfill. Landfill produces limited value outputs when compared with EfW, which produces low carbon useable energy and valuable materials, better supporting a circular economy. Reducing the amount of waste sent to landfill is a key element of the national climate change policy as the methane that is generated from waste decomposing in a landfill is such a potent greenhouse gas – for every tonne of waste processed by Cory’s EfW 200kg of CO₂ is saved compared to disposal to a landfill². By diverting waste from landfill Cory is moving waste up DEFRA’s (Department for Environment, Food and Rural Affairs) waste hierarchy, which is also in line with local and national policy.

Cory also has ambitious plans to build an integrated, low-carbon energy park at its site in Belvedere, South East London. Construction is targeted to begin in 2021, and the energy park is expected to be fully operational by 2025. The energy park will complement our existing Riverside Energy Recovery Facility (ERF), and will comprise a range of technologies including waste energy recovery, anaerobic digestion, solar panels, and battery storage.

The Riverside Energy Park will:

- Generate up to 96 megawatts (MW) of renewable electricity at peak times, which taken together with the permitted capacity of 72 MW from the existing Riverside ERF is the equivalent of powering c.300,000 homes across London (almost 10% of London’s 3.2m households).

¹ Cory Riverside Energy is the trading name for each of the Cory Riverside Energy Group of companies, comprising of Cory Environmental Holdings Limited and its subsidiaries

² Cory Riverside Energy, A Carbon Case for Energy, endorsed by The Carbon Trust – March 2017. Available at <https://www.coryenergy.com/>

- Divert a further 650,000 tonnes of residual waste away from landfill, which will save an additional 130,000 tonnes of CO2 each year.
- Make use of Cory's existing river-based infrastructure on the River Thames to further reduce road traffic. At present, Cory's use of the Thames as a "Green Highway" currently removes around 100,000 truck journeys from London's roads every year. The new Riverside Energy Park would result in the equivalent of a further 80,000 truck journeys being removed from London's congested streets.
- Be capable of supplying up to 30MWe of affordable heat energy through a district heating network to local housing and businesses.
- Create a further 175,000 tonnes/year of construction materials from the EfW process for use in building the South-East's homes and infrastructure, reducing the reliance on the quarrying of primary aggregate. In addition c800 tonnes of valuable metals are recovered from the incinerator bottom ash each year.
- Make a valuable contribution to local employment, with over 85 full-time jobs and apprenticeships set to be created at the energy park and on the river. The construction period is likely to require a workforce in excess of 6,000 people over the duration of the contract period.

London is facing a significant capacity gap in its ability to appropriately dispose of and treat all its waste, now and in the future, which is why landfilling and export of residual waste remains prevalent. Cory's plans to expand our waste management capabilities will bridge the infrastructure gap and contribute towards London's energy generation, energy resilience, and resource efficiency needs.

Cory's Green financing will be governed by its Green Financing Framework, which is aligned with the Green Bond Principles 2018 as set out by the International Capital Markets Association (ICMA) and LMA's Green Loan Principles. This Green Financing Framework will be periodically updated, at Cory's discretion, to reflect developments in the best practices of the green market.

Use of Proceeds

An amount equal to the net proceeds from any Green financing undertaken by Cory will be allocated to the refinancing and/or financing, in part or in full, of new and/or existing green assets (“Eligible Green Assets”) which fall within one of the eligible categories described as follows:

1. Pollution Prevention and Control
2. Clean Transportation
3. Energy Efficiency
4. Other Renewable Energy

1. Pollution Prevention and Control

In the UK and across Europe, strategies on waste management have shifted from traditional waste disposal in landfills to increased recycling and waste treatment in energy recovery facilities. As UK’s largest and highly efficient EfW facility with the coveted ‘R1’ certification by the Environment Agency, not only does Cory contribute to London’s waste management plan, it also provides a solution to UK’s Energy Trilemma by delivering security of energy supply in a cost-effective manner through our carbon emission saving EfW process. Environmental considerations are taken at every stage of the waste management process at Cory to ensure that it delivers sustainable energy.

Green Assets under this Eligible Investment category may include the development, construction, acquisition, installation, operation and upgrade of:

- The existing and future EfW facilities (e.g. new facilities to reduce the amount of waste to landfill or incineration plants with low or inefficient energy recovery, replacing treatment for flue gases, more efficient boiler and generator etc);
- Recycling technology (e.g. improvements to Materials Recycling Facility(ies) – improve recycling capacity, and/or improve quality of recycled commodities);
- Technologies that enhance use of energy derived from waste (e.g. local heat networks, private wire export to reduce network transmission losses, battery storage etc);
- Feedstock security (i.e. utilising technologically advanced dashboards to monitor the supply, quality and composition of waste that will be used to convert to energy at the EfW facility); and
- R&D for EfW technologies that provide an energy recovery option for wastes that cannot be re-used, recycled, composted or digested.

2. Clean Transportation

The existing Cory Riverside Energy EfW facility is the only facility that utilises the River Thames as a green highway to transport waste and recover energy. Using its fleet of tugs and barges to move c. 1,000,000 tonnes of residual waste and aggregate removes c. 100,000 truck journeys from London’s congested streets every year. The transport sector is widely regarded as being one of the most difficult areas to achieve substantial long-term CO₂ reductions. Cory’s river operations are playing a leading role in reducing CO₂ in London. For every tonne of waste Cory transports on the Thames, Cory reduces the overall carbon emissions associated with managing London’s waste.

Green Assets under this Eligible Investment category may include the development, construction, acquisition, installation, operation and upgrade of:

- Tug boats and tipper trucks that use LNG as fuel or electricity;
- Hybrid tug boats which operate on diesel direct, diesel-electric and fully electric (i.e. when upgrading and/or adding to the tug boat fleet, switch from the Damen Shoalbusters to the Damen ASD tug 2810 Hybrid, which is fully electric, is powered by batteries, has zero emissions and has extremely low noise levels with circa. the same bollard pull);
- Infrastructure for clean transport (e.g. dedicated parking lots and charging facilities for electric vehicles); and
- Hybrid and electric land vehicles (e.g. electric dock tractors).

3. Energy Efficiency

To further minimise Cory's carbon footprint and drive its sustainability initiative forward, the company seeks to improve energy efficiency in our daily operations.

Green Assets under this Eligible Investment category may include development, construction, acquisition, installation, operation and upgrades of:

- Infrastructure improvement and development (e.g. LED lighting, variable speed drives, high efficiency electric motors, insulation of walls and roofs, leakage detection systems, refrigeration units, solar PV panels, programmable thermostats etc);
- Thermo-efficient steam procedure plants;
- High-voltage power electrical connection of the grid; and
- Battery storage of electricity.

4. Other Renewable Energy

New installations of other renewable energy facilities would act to complement the energy from waste process in producing clean electricity. Green Assets under this Eligible category could include:

- Solar/photovoltaic panels; and
- Anaerobic digestion technology.

Process for Project Evaluation and Selection

The UK's 2008 Climate Change Act sets out a legally binding target of at least an 80% cut in UK greenhouse gas emissions by 2050 against a 1990 baseline. Against this policy backdrop EfW plays an indispensable role in driving waste up the waste hierarchy, extracting greater value from the energy and materials contained within it, and protecting the environment by diverting waste away from landfill.

Cory has put in place a dedicated Green Financing Committee ("GFC") that will strengthen its overall governance framework and oversee the Green Financing Framework.

The GFC comprises (a quorum of three including at least one lead sponsor):

- Chief Operating Officer [Lead sponsor];
- Head of Sustainability [Lead sponsor];
- Chief Financial Officer [Lead sponsor];
- Group General Counsel [Lead sponsor];
- Director of Strategic Infrastructure and Development;
- Director of Risk Management and Compliance; and
- Head of Planning & Development.

The role of the GFC is to:

- Review and verify the selection of the Eligible Green Assets based on the Green Financing Framework;
- Manage the annual reporting process for investors; and
- Monitor on-going developments in the green market in terms of disclosure and reporting in order to be in-line with the best market practices.

The selected Eligible Green Assets will be added to the list of Eligible Investments that may receive Green financing proceeds. At any time in the lifetime of the Green financing, the outstanding amount of Green financing will not exceed the value of Eligible Green Assets.

The list of Eligible Green Assets will be recorded in Cory's internal accounting systems.

Management of Proceeds

The net proceeds from the Green financing will be deposited to a general account and an amount equal to the net proceeds will be earmarked for allocation to the Eligible Green Assets. This process will be in accordance with Cory's Green Financing Framework. The allocation of the net proceeds to the Eligible Green Assets and all other relevant information will be monitored and recorded in our internal accounting systems. Eligible Green Assets will include existing green assets, as well as any future commitments for those assets.

Until allocation or reallocation to the Eligible Green Assets, the net proceeds from the Green financing will be invested in cash and/or cash equivalent and/or other liquid marketable instruments, as per Cory's cash management policy.

Reporting

Cory is committed to being as transparent as possible, and it will publish a Green Financing Report ("the Report") within one year from the date of the Green financing and annually thereafter until 100% of the net proceeds have been allocated. The Report, which will be published on Cory's website: <https://www.coryenergy.com/>, will provide information on the allocation and environmental impact of the Green financing.

Allocation Report

If there are Green financings outstanding under this Framework, Cory will disclose on an annual basis:

- Eligible Green Assets financed and/or refinanced during the preceding 12 months;
- Proportion of net proceeds used for new financing and refinancing;
- The aggregated amount of allocation of the net proceeds to the Eligible Green Assets for each of the eligible categories; and
- The balance of unallocated proceeds invested in cash and/or cash equivalent and/or other liquid marketable instruments.

Impact Report

Where feasible, Cory intends to report on the environmental impacts of the Eligible Green Assets. Subject to confidentiality agreements, and taking into account wider commercial confidentiality considerations, the information may be presented on an aggregated portfolio basis.

Example of an Impact Metrics

Categories	Impact Measurement Metrics
Pollution Prevention and Control	<ul style="list-style-type: none"> • Total GHG (tCO₂ equiv.) avoided annually • Annual amount of waste removed from landfills (in tonnes) • Amount (in tonnes) of IBA treated annually • Amount (in tonnes) of metals recycled annually from the EfW facility • Amount of energy (in MWh) generated from the EfW facility
Clean Transportation	<ul style="list-style-type: none"> • Total GHG (tCO₂ equiv.) reduced annually by using water fleet instead of trucks to transport waste • Number of vehicle journeys saved
Energy Efficiency	<ul style="list-style-type: none"> • Total GHG (tCO₂ equiv.) reduced annually • Electricity used per tonne of waste processed (kWh per tonne)
Renewable Energy	<ul style="list-style-type: none"> • Amount of renewable electricity (MWh) produced annually

External Review

As per the Green Bond Principles, and Green Loan Principles, Cory's Green Financing Framework has been reviewed by DNV GL Business Assurance Services UK Limited (company number 08320924), an independent third party who has issued a Second Party Opinion (SPO). The SPO along with this Green Financing Framework is publicly available on Cory's website <https://www.coryenergy.com/>

Green Financing Framework

2 Coldbath Square, London EC1R 5HL

November 2018

CORY RIVERSIDE ENERGY GREEN FINANCING FRAMEWORK

DNV GL INDEPENDANT ASSESSMENT

Scope and Objectives

Cory Riverside Energy¹ (henceforth referred to as "Cory") engages in municipal waste collection, street cleansing, and waste recycling services in the United Kingdom. It also offers waste management services. Cory has created a Green Financing Framework ("Framework") under which it can issue bonds as well as enter into loan relationships to support investment across the Group's activities.

DNV GL Business Assurance Services Limited ("DNV GL") has been commissioned by Cory to provide a review of the Framework. Our methodology to achieve this is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities.

No assurance is provided regarding the financial performance of Bonds/Loans issued via the Cory Framework, the value of any investments, or the long term environmental & social benefits of the transaction. Our objective has been to provide an assessment that the Framework has met the criteria established on the basis set out below.

Responsibilities of the Management of Cory and DNV GL

The management of Cory has provided the information used by DNV GL during the delivery of this review. Our statement represents an independent opinion and is intended to inform Cory's management and other interested stakeholders in the Framework as to whether the Framework is aligned with the ICMA Green Bond Principles (GBP) and the LMA Green Loan Principles (GLP). In our work, we have relied on the information and the facts presented to us by Cory. DNV GL is not responsible for any aspect of the projects or assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV GL shall not be held liable if any of the information or data provided by Cory management and used as a basis for this assessment were not correct or complete.

Basis of DNV GL's opinion

We have adapted our green bond eligibility assessment methodology to create a Cory specific Green Finance Framework Eligibility Assessment Protocol (henceforth referred to as "Protocol. Our Protocol includes a set of suitable criteria that can be used to underpin DNV GL's opinion.

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As per our Protocol, the criteria against which the Framework has been reviewed are grouped under the four Principles:

- **Principle One: Use of Proceeds.** The Use of Proceeds criteria are guided by the requirement that an issuer of a bond/loan must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental & social benefits.
- **Principle Two: Process for Project Evaluation and Selection.** The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a bond/loan should outline the process it follows when determining eligibility of an investment using Green Bond/Loan proceeds, and outline any impact objectives it will consider.
- **Principle Three: Management of Proceeds.** The Management of Proceeds criteria are guided by the requirements that a bond/loan should be tracked within the issuing organisation, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.
- **Principle Four: Reporting.** The Reporting criteria are guided by the recommendation that at least annual reporting to the bond/loan investors should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Work undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by Cory in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a Cory specific Protocol, adapted to the purpose of the Framework, as described above;
- Assessment of documentary evidence provided by Cory on the Framework and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology;
- Review of Cory's published material with regards to its environmental & social activities relating to the company;
- Review of relevant documentation and evidence related to the criteria of the Protocol;
- Documentation of findings against each element of the criteria.

Our opinion as detailed below is a summary of these findings.

Findings and DNV GL's opinion

DNV GL's findings are listed below:

1. Principle One: Use of Proceeds.

Cory intends to use the proceeds of bonds and loans issued under the Framework to finance and re-finance projects which fall under three key categories:

- Pollution Prevention and Control;
- Clean Transportation;
- Energy Efficiency; and
- Other Renewable Energy.

DNV GL concludes that the eligible categories outlined in the Framework are consistent with the categories outlined in the GBP and GLP.

2. Principle Two: Process for Project Evaluation and Selection.

DNV GL reviewed the Framework which describes the process through which projects are evaluated and selected. In summary, following a full and proper assessment, suitable projects that meet the criteria of the Cory Green Financing Framework are reviewed and approved by the Cory Green Financing Committee for inclusion within the use of proceeds. The list of Eligible Green Assets will be recorded within Cory's accounting systems.

3. Principle Three: Management of Proceeds.

DNV GL has reviewed evidence and confirm the proceeds from green financing will be managed by Cory's Treasury function on a portfolio basis and confirm all proceeds will be paid to a general account and an amount equal to the net proceeds will be earmarked for allocation to the Eligible Green Assets. Cory also commit to managing surplus funds by allocation to cash and/or cash equivalent and/or other liquid marketable instruments, as per Cory's cash management policy.

4. Principle Four: Reporting.

DNV GL can confirm Cory has committed to producing annual reporting on the allocations of the expenditure until the tracked proceeds are fully allocated to eligible projects. This reporting will form part of the annual Green Financing Report and where feasible, Cory intends to report on the environmental impacts of the Eligible Green Assets. The annual green reporting will provide the investors or counterparties with the information on the selected projects and once operational, this will include information on the facilities' such as actual GHG emission reductions or volumes diverted from landfill. Cory has also committed to providing additional quantification of the environmental benefits of the selected projects where possible.

On the basis of the information provided by Cory and the work undertaken, it is DNV GL's opinion that the Framework meets the criteria established in the Protocol and that it is aligned with the stated definition of green bonds within the Green Bond Principles and green loans within the Green Loan Principles.

for DNV GL Business Assurance Services UK Limited

London, 23rd November 2018



Douglas Farquhar

Principal Consultant and Project Director
DNV GL – Business Assurance

About DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organisations to advance the safety and sustainability of their business. Combining leading technical and operational expertise, risk methodology and in-depth industry knowledge, we empower our customers' decisions and actions with trust and confidence. We continuously invest in research and collaborative innovation to provide customers and society with operational and technological foresight.

With our origins stretching back to 1864, our reach today is global. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping customers make the world safer, smarter and greener.

1 SCHEDULE 1: DESCRIPTION OF CATEGORIES TO BE FINANCED THROUGH THE FRAMEWORK

Eligible Sustainable Category	Description
<p>Pollution Prevention and Control</p>	<p>Green Assets under this Eligible Investment category may include the development, construction, acquisition, installation, operation and upgrade of:</p> <ul style="list-style-type: none"> • The existing and future EfW facilities (e.g. new facilities to reduce the amount of waste to landfill or incineration plants with low or inefficient energy recovery, replacing filter treatment for flue gases, more efficient boiler and generator etc); • Recycling technology (e.g. improvements to Materials Recycling Facilities – improve recycling capacity, and/or improve quality of recycled commodities) • Enhanced use of energy derived from waste (e.g. local heat networks, private wire export to reduce network transmission losses, battery storage etc) • Feedstock security (i.e. utilising technologically advanced dashboards to monitor the supply, quality and composition of waste that will be used to convert to energy at the EfW facility) and; • R&D for EfW technologies that provide an energy recovery option for wastes that cannot be re-used, recycled, composted or digested;
<p>Clean Transportation</p>	<p>Green Assets under this Eligible Investment category may include the development, construction, acquisition, installation, operation and upgrade of:</p> <ul style="list-style-type: none"> • Tug boats and tipper trucks that use LNG as fuel or electricity • Hybrid tug boats which operate on diesel direct, diesel-electric and fully electric (i.e. when upgrading and/or adding to the tug boat fleet, switch from the Damen Shoalbusters to the Damen ASD tug 2810 Hybrid, which is fully electric, sails onis powered by batteries, has zero emissions and has extremely low noise levels with circa. the same bollard pull); • Infrastructure for clean transport (e.g. dedicated parking lots and charging facilities for electric vehicles); and • Hybrid and electric land road vehicles (e.g. electric dock tractors).
<p>Energy Efficiency</p>	<p>Green Assets under this Eligible Investment category may include development, construction, acquisition, installation, operation and upgrades of:</p> <ul style="list-style-type: none"> • Infrastructure improvement and development (e.g. LED lighting, variable speed drives, high efficiency electric motors, insulation of walls and roofs, leakage detection systems, refrigeration units, solar PV panels, programmable thermostats etc)

	<ul style="list-style-type: none"> • Thermo-efficient steam procedure plants • High-voltage power electrical connection of the grid; and • Battery storage of electricity.
<p>Renewable Energy</p>	<p>Green Assets under this Eligible category may include:</p> <ul style="list-style-type: none"> • Solar/photovoltaic panels; and • Anaerobic digestion.